

HOUSE BILL 16

Unofficial Copy
D1

1999 Regular Session
9r0247

(PRE-FILED)

By: **Delegate Fulton**
Requested: August 10, 1998
Introduced and read first time: January 13, 1999
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Lawyers - Fidelity Bonds - Requirements**

3 FOR the purpose of requiring lawyers to be bonded to reimburse certain losses due to
4 defalcation; authorizing the Court of Appeals to adopt rules regarding the
5 amounts and types of bonds to be maintained by lawyers; requiring lawyers to
6 file an attested copy of the bond with the Court of Appeals; requiring sureties
7 and lawyers to notify the Court of Appeals within a certain time period of any
8 change in the bond or its termination; providing for the general force and effect
9 and termination of the bonds; and generally relating to requiring lawyers and
10 law firms to execute fidelity bonds.

11 BY adding to
12 Article - Business Occupations and Professions
13 Section 10-503
14 Annotated Code of Maryland
15 (1995 Replacement Volume and 1998 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article - Business Occupations and Professions**

19 10-503.

20 (A) EACH LAWYER SHALL BE BONDED TO REIMBURSE ANY LOSSES CAUSED
21 BY THE LAWYER'S DEFALCATION.

22 (B) THE COURT OF APPEALS MAY ADOPT RULES TO SET MINIMUM AMOUNTS
23 AND TYPES OF FIDELITY BOND COVERAGE.

24 (C) A LAWYER SHALL FILE WITH THE COURT OF APPEALS AN ATTESTED COPY
25 OF THE BOND.

26 (D) ANY COMPANY ISSUING A BOND IN ACCORDANCE WITH THIS SECTION
27 AND THE LAWYER COVERED BY THE BOND SHALL NOTIFY THE COURT OF APPEALS

1 OF ANY CHANGE IN THE BOND, OR ANY TERMINATION OF THE BOND, WITHIN 15 DAYS
2 OF THE CHANGE OR TERMINATION.

3 (E) THE BOND OR BONDS SHALL BE CONTINUOUS AND REMAIN IN FULL
4 FORCE AND EFFECT UNTIL TERMINATED BY THE LAWYER OR THE SURETY IN
5 ACCORDANCE WITH THIS SECTION.

6 (F) THE TERMINATION OF A BOND UNDER THIS SECTION MAY NOT BECOME
7 EFFECTIVE UNTIL 30 DAYS AFTER NOTICE OF TERMINATION HAS BEEN FORWARDED
8 TO THE COURT OF APPEALS.

9 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
10 October 1, 1999.